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Message Text

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11
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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XMB-02 FRB-03 FEA-01 /082 W
---------- 011870
R 150922Z MAR 76
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 4074
INFO AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA

C O N F I D E N T I A L ABU DHABI 0658

E.O. 11652: GDS
TAGS : EFIN, TC
SUBJECT : ABU DHABI BUDGET AND UAE POLITICS

1. IN NOVEMBER 1975, UAE PRESIDENT SHAIKH ZAYED, IN ACTION CLEARLY INTENDED TO BOLSTER HIS THEN PRIME OBJECTIVE OF TRYING TO FURTHER UNIFICATION OF THE EMIRATES, GRANDLY DECLARED THAT 50 PERCENT OF ABU DHABI GOVERNMENT (ADG) REVENUE WOULD BE ALLOCATED TO THE FEDERAL GOVERNMENT. WHILE ZAYED HAD APPARENTLY MADE PROPOSAL THAT ALL RULERS PUT 50 PERCENT OF REVENUES INTO POT (SEE 75 ABUDHABI 1986) HIS DECISION TO DO SO UNILATERALLY CAME NOT ONLY AS SURPRISE BUT WAS GREETED WITH CONSIDERABLE PUZZLEMENT. NO ONE COULD QUITE FIGURE OUT HOW THE ADG COULD SURVIVE ON SUCH REDUCED REVENUE GIVEN EXTENSIVE FOREIGN AID AND DEVELOPMEENT COMMITMENTS AND A PROPENSITY FOR DEVOTING SO MUCH MONEY TO MILITARY HARDWARE.

2. IT WAS EVIDENT THAT ZAYED'S PLEGEE COULD BE FULFILLED ONLY BY TRANSFERRING CERTAIN BUDGETARY EXPENDITURE CATEGORIES TO UAE ACCOUNTS AND IT IS INTERESTING TO NOTE WHAT IS BEING TRANSFERRED. IT NOW APPEARS THAT ALL OF ABU DHABI'S FOREIGN
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AID EXPENDITURES ($1.2 BILLION) WILL FROM HERE ON BE GIVEN

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A UAE LABEL. MOST SIGNIFICANT, GIVEN ZAYED'S FAILURE IN LATE 1975 TO UNIFY THE ARMED FORCES, IS THE SUGGESTION THAT ADG MILITARY EXPENDITURES ALSO BE CARRIED AS UAE EXPENDITURES ITEM WITH RATIONALE THAT ADDF CONTRIBUTES TO UEA SECURITY. ZAYED HERE APPEARS TO HAVE LEARNED A LESSON FROM SHAIKH RASHID WHO ALWAYS ARGUES THAT DUBAI'S EXPENDITURES ON ROADS AND HEALTH ARE REALLY UAE BURDENS SO WHY GIVE MONEY TO UAE. ABU DHABI DEPT OF PLANNING OFFICIALS STATE THAT ADG DEVELOPMENT BUDGET IS NOW BEING REVIEWED TO DETERMINE WHAT PROJECTS WILL BE TRANSFERRED TO UAE ACCOUNTS. PRESUMABLY CRITERIA OF A GIVEN PROJECT'S CONTRIBUTION TO UAE DEVELOPMENT WILL BE APPLIED.

3. WHEN BUDGETS FINALLY BECOME AVAILABLE, AND IF ABOVE POLICIES ARE FOLLOWED, THAT OF UAEG WILL SHOW ENORMOUS EXPANSION OVER PREVIOUS YEARS, BUT THE LOCUS OF DECISION MAKING WILL REMAIN VERY MUCH WITH INDIVIDUAL EMIRATES, PARTICULARLY ABU DHABI. CLEARLY IF ZAYED HOPED TO PRESSURE OTHER RULERS INTO FOLLOWING HIS EXAMPLE ON REVENUE SHARING, HE FAILED. THERE HAVE BEEN SOME STEPS TOWARD TIGHTER UNION (E.G. INTERNAL SECURITY--OUR 75 ABU DHABI 2367) AND OTHER AREAS WHERE APPEARANCE OF COMPROMISE HAS BEEN ACHIEVED (APPOINTMENT OF GENERAL AL-KHADDI, ABU DHABI 558). BUT IN KEY AREA OF REVENUES AND HENCE DECISION MAKING AUTHORITY FEDERAL STRUCTURE REMAINS VERY MUCH SUBORDINATE TO INDIVIDUAL EMIRATES WITH MONEY. AND UNTIL SUCH TIME AS ZAYED CAN (A) CONVINCE HIS FELLOW RULERS TO FOLLOW HIS EXAMPLE AND (B) CURB ABU DHABI'S OWN APPETITIES TO MAKE THAT EXAMPLE MORE MEANINGFUL, IT WILL REMAIN THAT WAY.
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